



## Misys plc - Preliminary Results - 2006/07

Mike Lawrie, Chief Executive

24 July 2007

# Forward looking statements

---

This presentation contains forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipates, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could or other words of similar meaning. Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and Misys' plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

There are several factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions. A summary of some of the potential risks faced by Misys is set out in the Company's most recent Annual Report.

Misys undertakes no obligation to revise or update any forward-looking statement contained within this presentation, regardless of whether those statements are affected as a result of new information, future events or otherwise.

# What we are going to cover today

---



**Welcome and Key Highlights**

Mike Lawrie, CEO

**Cost Take Out**

James Cheesewright

**Financials**

Jim Malone, CFO

**Business Performance**

Mike Lawrie, CEO

**Questions**

- **Realigned asset base to strategy and growth segments**
- **Cost being taken out as planned and margin improvement**
- **Accountable management team completed**
- **Investing for growth consistent with strategy announced in March**
- **Examining all options to use proceeds to accelerate growth and drive shareholder value**

**Strategy in place, now execution is key**

## **Build a solution orientation and expand along the value chain**

- Established global services unit, funding expansion
- Re-designed entire sales engagement process to focus on solution selling

## **Focused strategy and integrated portfolio for each business unit**

- Healthcare focus on ambulatory and re aligning portfolio to deliver growth
- Treasury & Capital Markets implementing growth strategy
- Core Banking BankFusion roadmap well received by customers and on track

## **Develop winning partnerships**

- Negotiating agreements in several geographies

## **Revitalise the organisation**

- Built entirely new management team, new CTO & CIO, Cory Eaves, hired last week

## **Continuously innovate to capture market opportunity**

- Hired Bob Barthelmes to develop our game plan for open source
- Focus is on:
  - How we create and drive innovation in the marketplace through open source
  - How we start integrating open source code into Misys applications
  - How we use open source technology internally to enhance the value we deliver to customers

## **Improve financial performance**

- Cost take out work - good progress to date
- Significantly realigned asset base and increased financial flexibility with disposal of Sesame and hospitals businesses
- Aggressively reviewing uses of funds including:
  - Small acquisitions
  - Share buy back

## **New region established focussing on the emerging markets:**

- Primary focus on China, India, Middle East and Africa

## **Expanding Treasury & Capital Markets distribution network**

- Hired / hiring new sales people for direct access to new customers
- Local services capability

## **5 global service offerings launched**

- Optimisation / Health checks
- Misys Academy / education
- Global Integrated Services
- Premium Support
- Upgrade Solution Centre

## **Investing cost savings, as discussed in March, to reinvigorate product line**

## **All healthcare resources focussed on physicians / ambulatory business**

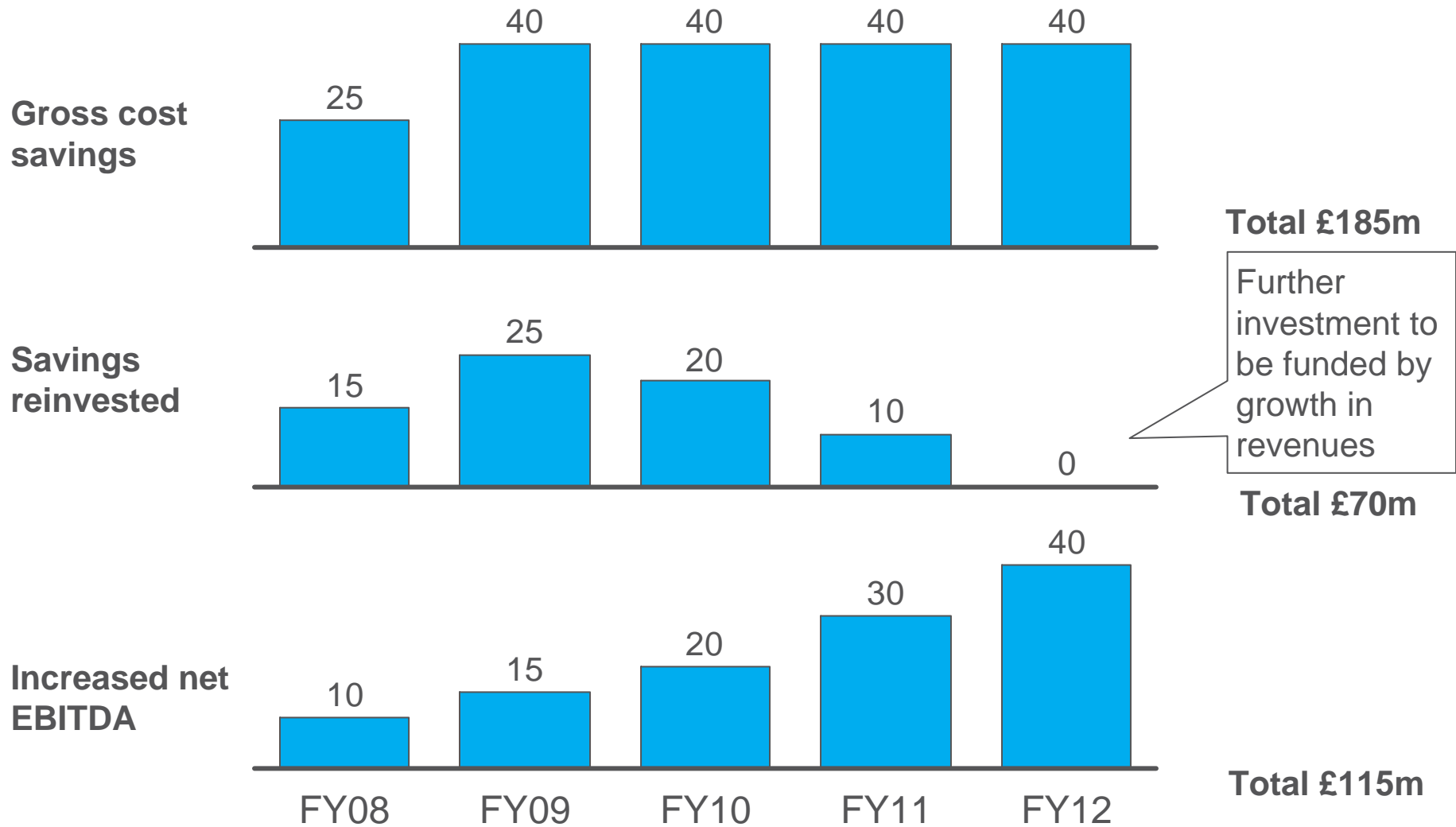
# Cost Take Out

James Cheesewright

# Sources and uses of P&L cost savings\*

£m

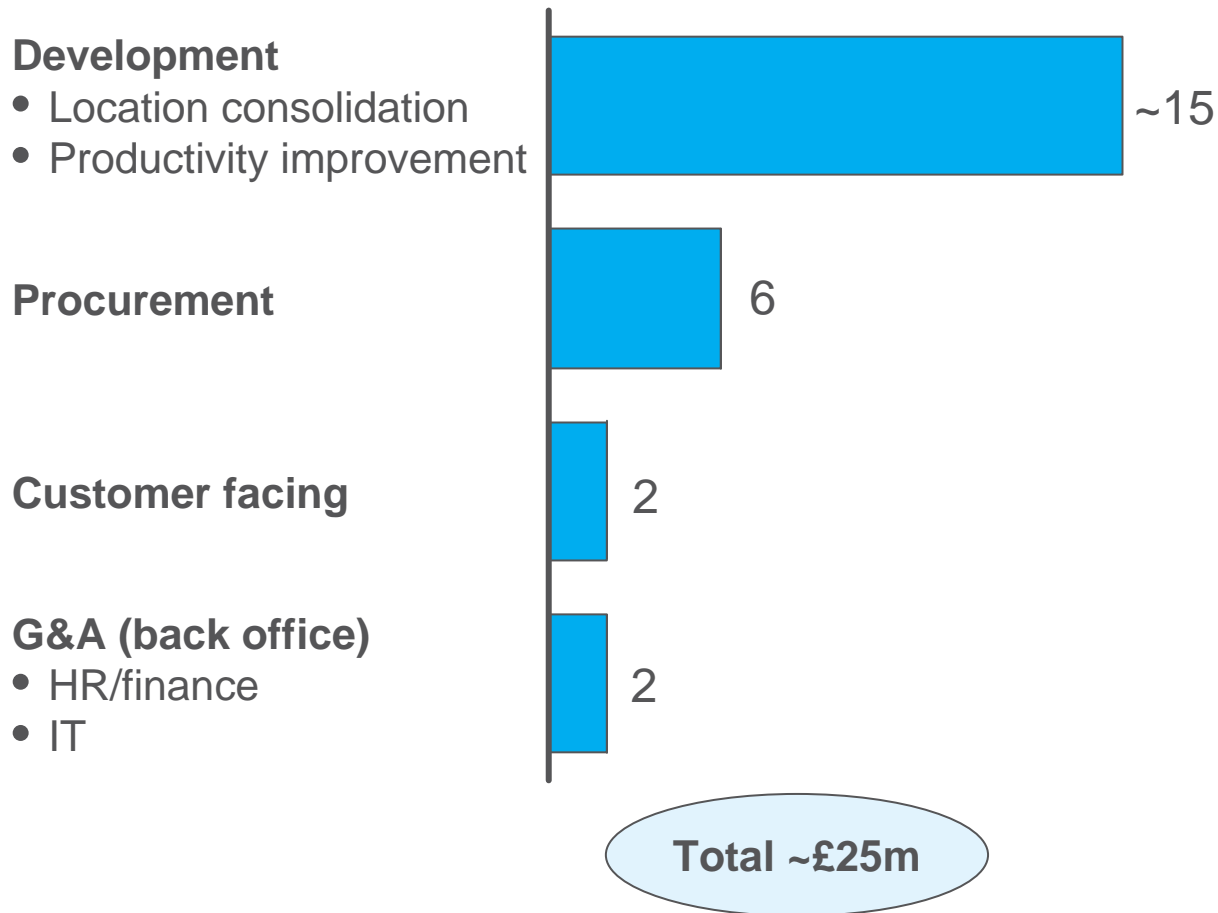
AS PRESENTED IN MARCH 2007



\*Excludes exceptional/cash impact of one-off restructuring charges

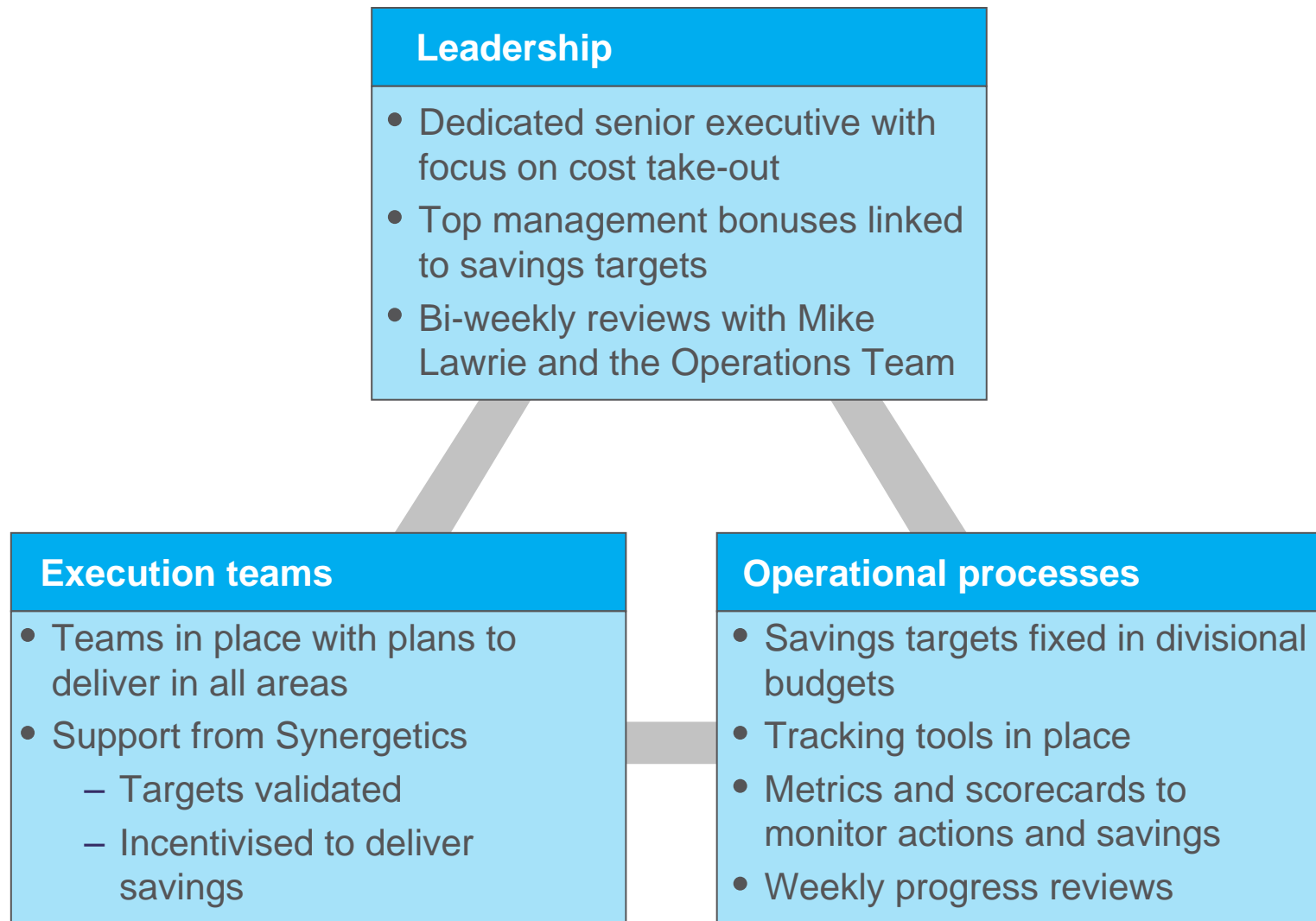
# Sources of gross P&L cost savings

£m, FY08



- Savings opportunities have been externally validated
- A senior executive is dedicated to delivering cost take-out

# Robust measures in place to execute against savings targets



**RE-ENGINEER PROCESSES TO DELIVER SUSTAINABLE COST REDUCTION**

# Clear direction set in major savings areas

## Procurement

### Major sources of savings

- Spend consolidation across Misys
- Fewer suppliers with better terms
- Spending controls

### Management approach

- Category-by-category focus (e.g. travel, insurance)
- Supported by Synergetics procurement specialists
- Weekly progress reviews using robust tracking tools

## Development

- Refocusing of spend on priority areas
- Location consolidation
- Increased offshoring
- Productivity improvements

- Led by development and product management teams in each division
- Supported by Synergetics development specialists
- Best practices being driven across group
  - Tools
  - Metrics
  - Quality control

# Re-investment of P&L cost savings (FY08)

<u>Category</u>	<u>Re-investment, £m</u>
• Management systems	1
– Sales-force automation	
– Performance management	
– Development tools	
– Common HR	
– Services tools	
• Reinvest in products / development	7
• Reinvest / rebalance customer facing resources, including services	7
	<hr/> <b>~ £15m</b> <hr/> <hr/>

# Financial Review

Jim Malone, EVP/CFO

# Summary results



<i>£ millions – year ended 31 May</i>	<b>2007</b>	2006
Revenue*	563	583
Operating profit*	37	58
Profit before tax*	22	39
Profit for the year from discontinued operations	1	188
Basic earnings per share	3.1p	44.0p
Dividend per share	7.53p	7.18p

\* Continuing operations

# Group results



<i>2007</i> <i>£ millions</i>	<b>As reported</b>	Exceptional items	Amortisation of acquired intangibles	Acquisitions	<b>Like for like</b>
<b>Revenue</b>					
Banking	<b>274</b>	-	-	(4)	<b>270</b>
Healthcare	<b>289</b>	-	-	(5)	<b>284</b>
Continuing	<b>563</b>	-	-	(9)	<b>554</b>
<b>Operating profit</b>					
Banking	<b>34</b>	11	3	(1)	<b>47</b>
Healthcare	<b>26</b>	16	1	3	<b>46</b>
Central costs	<b>(23)</b>	13	-	-	<b>(10)</b>
Continuing	<b>37</b>	40	4	2	<b>83</b>
<b>Net finance costs</b>	<b>(15)</b>	-	-	-	<b>(15)</b>
<b>Profit before taxation</b>	<b>22</b>	40	4	2	<b>68</b>
<b>Taxation</b>	<b>(8)</b>	(6)	-	-	<b>(14)</b>
<b>Profit from discontinued operations</b>	<b>1</b>	17	-	-	<b>18</b>
<b>Retained earnings</b>	<b>15</b>	51	4	2	<b>72</b>

# Group results



<b>2006</b> <i>£ millions</i>	<b>As reported</b>	<b>Exceptional items</b>	<b>Amortisation of acquired intangibles</b>	<b>Disposals</b>	<b>FX</b>	<b>Like for like</b>
<b>Revenue</b>						
Banking	<b>267</b>	-	-	(3)	(8)	<b>256</b>
Healthcare	<b>316</b>	-	-	-	(23)	<b>293</b>
Continuing	<b>583</b>	-	-	(3)	(31)	<b>549</b>
<b>Operating profit</b>						
Banking	<b>22</b>	14	2	-	(2)	<b>36</b>
Healthcare	<b>46</b>	2	-	-	(4)	<b>44</b>
Central costs	<b>(10)</b>	1	-	-	-	<b>(9)</b>
Continuing	<b>58</b>	17	2	-	(6)	<b>71</b>
<b>Net finance costs</b>	<b>(19)</b>	-	-	-	-	<b>(19)</b>
<b>Profit before taxation</b>	<b>39</b>	17	2	-	(6)	<b>52</b>
<b>Taxation</b>	<b>(14)</b>	(2)	-	-	-	<b>(16)</b>
<b>Profit from discontinued operations</b>	<b>188</b>	(161)	-	-	-	<b>27</b>
<b>Retained earnings</b>	<b>213</b>	(146)	2	-	(6)	<b>63</b>

# Exceptional items



<i>£ millions</i>	2007			2006		
	Non cash	Cash	Total	Non cash	Cash	Total
Turnaround programme	23	11	34	-	-	-
Terminated offer process and executive departures	1	6	7	-	-	-
Impairment of Sesame goodwill	17	-	17	-	-	-
Disposal of businesses	-	(1)	(1)	3	(180)	(177)
Restructuring programme	-	-	-	3	11	14
Acquisition integration costs	-	-	-	-	2	2
Discontinued disposal costs	-	-	-	-	1	1
Estimated costs and redress payments associated with regulatory reviews and endowments complaints	-	-	-	-	16	16
Exceptional taxation items	(5)	(1)	(6)	-	(2)	(2)
	<b>36</b>	<b>15</b>	<b>51</b>	<b>6</b>	<b>(152)</b>	<b>(146)</b>

# Turnaround Programme

<i>£ millions</i>	2007		
	Non cash	Cash	Total
Asset write down	23	-	23
Consultancy costs	-	6	6
Contract cancellation costs	-	2	2
Other	-	3	3
	23	11	34

# Business results

## Like for like



	Revenue		Operating profit		Margin	
	2007	2006	2007	2006	2007	2006
<i>£ millions – year ended 31 May</i>						
Banking	270	256	47	36	17%	14%
Healthcare	284	293	46	44	16%	15%
Central costs	-	-	(10)	(9)		
Continuing operations	554	549	83	71	15%	13%

Where applicable, figures quoted on a like for like basis exclude exceptional items, gains and losses on embedded derivatives, amortisation of acquired intangibles, the impact of acquisitions and disposals and are at constant exchange rates.

# Banking

## Like for like



£ millions	2007			2006			Change		
	H1	H2	FY	H1	H2	FY	H1	H2	FY
<i>ILF order book</i>	<b>27</b>	<b>29</b>	<b>29</b>	29	30	30			
<b>Revenue</b>									
ILF	<b>38</b>	<b>45</b>	<b>83</b>	36	45	81	7%	(1%)	2%
Maintenance	<b>60</b>	<b>63</b>	<b>123</b>	57	60	117	5%	6%	5%
Professional services	<b>24</b>	<b>28</b>	<b>52</b>	22	25	47	11%	9%	10%
Other	<b>7</b>	<b>5</b>	<b>12</b>	5	6	11	29%	4%	15%
Total revenue	<b>129</b>	<b>141</b>	<b>270</b>	120	136	256	7%	4%	6%
Total costs	<b>(109)</b>	<b>(114)</b>	<b>(223)</b>	(106)	(114)	(220)	3%	0%	1%
Adjusted operating profit	<b>20</b>	<b>27</b>	<b>47</b>	14	22	36	40%	26%	31%
Margin	<b>15%</b>	<b>19%</b>	<b>17%</b>	12%	16%	14%			

Where applicable, figures quoted on a like for like basis exclude exceptional items, gains and losses on embedded derivatives, amortisation of acquired intangibles, the impact of acquisitions and disposals and are at constant exchange rates.

# Healthcare

## Like for like



<i>£ millions</i>	2007			2006			Change		
	H1	H2	FY	H1	H2	FY	H1	H2	FY
<i>ILF order book</i>	<b>23</b>	<b>23</b>	<b>23</b>	27	26	26			
<b>Revenue</b>									
ILF	<b>23</b>	<b>22</b>	<b>45</b>	27	26	53	(15%)	(15%)	(15%)
Maintenance	<b>61</b>	<b>62</b>	<b>123</b>	55	59	114	9%	6%	8%
Transaction processing	<b>32</b>	<b>36</b>	<b>68</b>	31	34	65	2%	5%	3%
Professional services	<b>14</b>	<b>14</b>	<b>28</b>	16	16	32	(11%)	(9%)	(10%)
Other	<b>10</b>	<b>10</b>	<b>20</b>	15	14	29	(29%)	(35%)	(32%)
Total revenue	<b>140</b>	<b>144</b>	<b>284</b>	144	149	293	(3%)	(3%)	(3%)
Total costs	<b>(119)</b>	<b>(119)</b>	<b>(238)</b>	(123)	(126)	(249)	(3%)	(6%)	(5%)
Adjusted operating profit	<b>21</b>	<b>25</b>	<b>46</b>	21	23	44	(3%)	12%	5%
Margin	<b>15%</b>	<b>18%</b>	<b>*16%</b>	15%	15%	15%			

\*Margins for 2007 including the full year results of acquisition made in 2006 were 15%.

Where applicable, figures quoted on a like for like basis exclude exceptional items, gains and losses on embedded derivatives, amortisation of acquired intangibles, the impact of acquisitions and disposals and are at constant exchange rates.

experience, solutions, results

# Income statement



<i>£ millions</i>	2007			2006		
	Reported results	Adjustments	Adjusted results	Reported results	Adjustments	Adjusted results
Operating profit	37	44	81	58	19	77
Net finance costs	(15)	-	(15)	(19)	-	(19)
Profit before taxation	22	44	66	39	19	58
Taxation	(8)	(6)	(14)	(14)	(2)	(16)
Profit after taxation	14	38	52	25	17	42
Discontinued operations	1	17	18	188	(161)	27
Profit for the year	15	55	70	213	(144)	69
Earnings per share	3.1p		14.6p	44.0p		14.3p
Effective tax rate			17%			18%

Adjusted for exceptional items, gains and losses on embedded derivatives, amortisation of acquired intangibles and gains or losses on debt previously hedging goodwill written off to reserves.

# Operating cash flow



<i>£ millions – year ended 31 May</i>	<b>2007</b>	2006
Operating profit (including discontinued operations)	<b>34</b>	243
Amortisation and impairment net of profit on disposal of intangible assets	<b>52</b>	12
Depreciation net of profit on disposal of property, plant and equipment	<b>7</b>	9
Net profit on disposal of businesses	<b>(1)</b>	(177)
Working capital movements	<b>(12)</b>	10
Other non cash movements	<b>6</b>	10
Tax paid	<b>(17)</b>	(15)
Interest paid	<b>(13)</b>	(15)
Cash flow from operating activities	<b>56</b>	77
Acquisitions and disposals	<b>(4)</b>	119
Expenditure on developed software	<b>(16)</b>	(15)
Other capital expenditure	<b>(8)</b>	(8)
Dividends	<b>(35)</b>	(34)
Purchase of own shares	<b>(1)</b>	(25)
Other	<b>11</b>	10
Increase in cash and cash equivalents	<b>3</b>	124

# Business Performance

Mike Lawrie, Chief Executive

## Core Banking

- Flat revenue growth
- Strong growth in RLF – demonstrating customer loyalty and low attrition
- First BankFusion code drop delivered – customer feedback positive
- New contracts include global banks e.g. Grupo Santander and Credit Suisse

## Treasury & Capital Markets

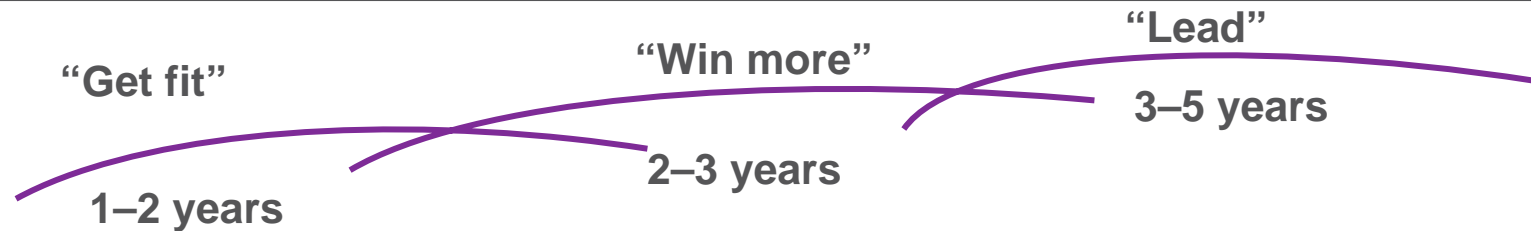
- Good growth in ILF
- Strong growth in RLF – demonstrating customer loyalty and low attrition
- Over 20 new name customers, including HDFC Bank in India
- Expanding distribution channels to capture increasing market demand
- Awards:
  - Best sell-side Innovation for Misys Summit FT by The Banker Magazine
  - Microsoft's Windows in Financial Service Magazine Innovator Award for Opics Plus

## Healthcare

- Poor performance – decreasing ILF
- Good growth in maintenance revenue demonstrating strong customer loyalty
- Benefit of Payerpath acquisition reflected in good growth in transaction processing
- Good cost control in H2 reflected in margin improvement
- Establishing highly focused and accountable organisation
  - Disposed of hospitals businesses
  - Realigning remaining organisation to improve performance

## Services

- Launched services offerings and scaling up
- Very early days



- **We have focused strategies in place for each business and are beginning to execute**
- **Turnaround progressing in line with our expectations - this is a 3-5 year programme**
- **Opportunity is real and we are accountable to shareholders for delivering results**

**Execution is key**

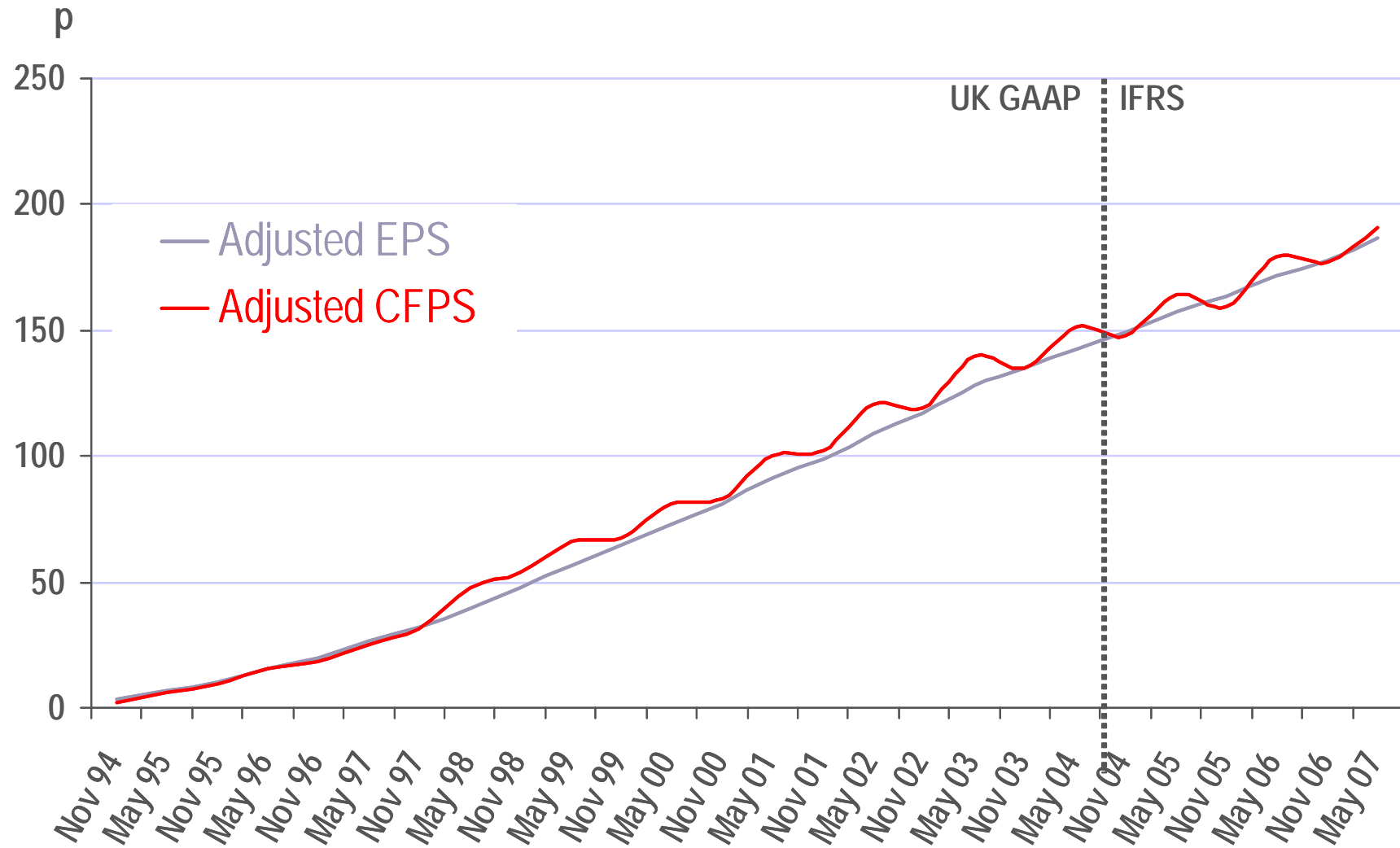
# Questions

---

## Appendices / For information

---

# Comparison of cumulative earnings and cashflow per share



# Exchange rates



	Closing balance		Average for the year	
	May 2007	May 2006	May 2007	May 2006
US dollar	<b>1.98</b>	1.87	<b>1.92</b>	1.78
	<b>106</b>	100	<b>108</b>	100
Euro	<b>1.47</b>	1.46	<b>1.48</b>	1.46
	<b>101</b>	100	<b>101</b>	100

# Deferred income (continuing operations)

## Like for like



<i>£ millions</i>	<b>May 2007</b>	Nov 2006	May 2006	Nov 2005
Maintenance fees	<b>88</b>	59	81	49
Deposits and other deferred income	<b>32</b>	32	31	24
<b>Total</b>	<b>120</b>	91	112	73
As reported	<b>120</b>	91	116	84

Where applicable, figures quoted on a like for like basis exclude the impact of acquisitions and disposals and are at constant exchange rates

## Debtor days (continuing operations)



<i>£ millions</i>	<b>May 2007</b>	Nov 2006	May 2006	Nov 2005
Net trade receivables	<b>76</b>	71	70	83
Accrued income	<b>20</b>	16	15	9
	<b>96</b>	87	85	92
Debtor days based on:				
Trade receivables	<b>34</b>	34	27	33
Trade receivables and accrued income	<b>49</b>	45	35	40